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Falls in participation and hours in NSW in July

Media Release

Released 19/08/2021

i Source: [Labour Force, Australia, July 2021](#)

Seasonally adjusted employment in Australia increased by 2,000 people between June and July but hours worked fell by 0.2 per cent, according to the Australian Bureau of Statistics (ABS). This was underpinned by large changes in the New South Wales and Victorian labour markets.

Bjorn Jarvis, head of labour statistics at the ABS, said the July data coincided with the early weeks of the Greater Sydney lockdown, increased restrictions in other parts of New South Wales, and a series of changes in restrictions in other parts of the country.

“The labour market changes in New South Wales between June and July had a large influence on the national figures. There were big falls in New South Wales in both employment (-36,000) and unemployment (-27,000), with the labour force reducing by around 64,000 people. In addition, hours worked in New South Wales fell by 7.0 per cent. These changes offset increases in employment and hours in Victoria,” Mr Jarvis said.

“Before the pandemic, people in New South Wales accounted for 31.8 per cent of national employment and Victorians accounted for 26.5 per cent. Large changes in these two states are important in understanding changes in the Australian labour market.”

Employment, unemployment and participation

The national participation rate fell by 0.2 percentage points to 66.0 per cent and the unemployment rate by 0.3 percentage points to 4.6 per cent. This was underpinned by a large drop in the New South Wales participation rate, down 1.0 percentage points, and a 0.6 percentage point fall in the state’s unemployment rate.

"Early in the pandemic we saw large falls in participation, which we have again seen in recent lockdowns. Beyond people losing their jobs, we have also seen unemployed people drop out of the labour force," Mr Jarvis said.

"In Victoria, we saw unemployment fall by 19,000 people in July 2020, during the second wave lockdown, and by 13,000 in the June 2021 lockdown. The fall in unemployment in New South Wales in July 2021 was more pronounced than either of these, falling by 27,000 people."

"In each of these instances, the unemployment rate also fell. Falls in unemployment and the unemployment rate may be counter-intuitive, given they have coincided with falls in employment and hours, but reflect the limited ability for people to actively look for work and be available for work during lockdowns. This means that people are falling out of the labour force."

"Around 61.5 per cent of the fall in unemployment over June and July is explained by these falls in New South Wales and Victoria. The fall in the national unemployment rate in July should not necessarily be viewed as a sign of strengthening in the labour market – it's another indication of the extent of reduced capacity for people to be active in the labour market, in the states with the largest populations."

"As lockdown conditions ease, we have seen participation increase. For instance, the Victorian participation rate fell by 0.4 percentage points in June and recovered by 0.4 percentage points in July, prior to the start of the lockdown later in the month."

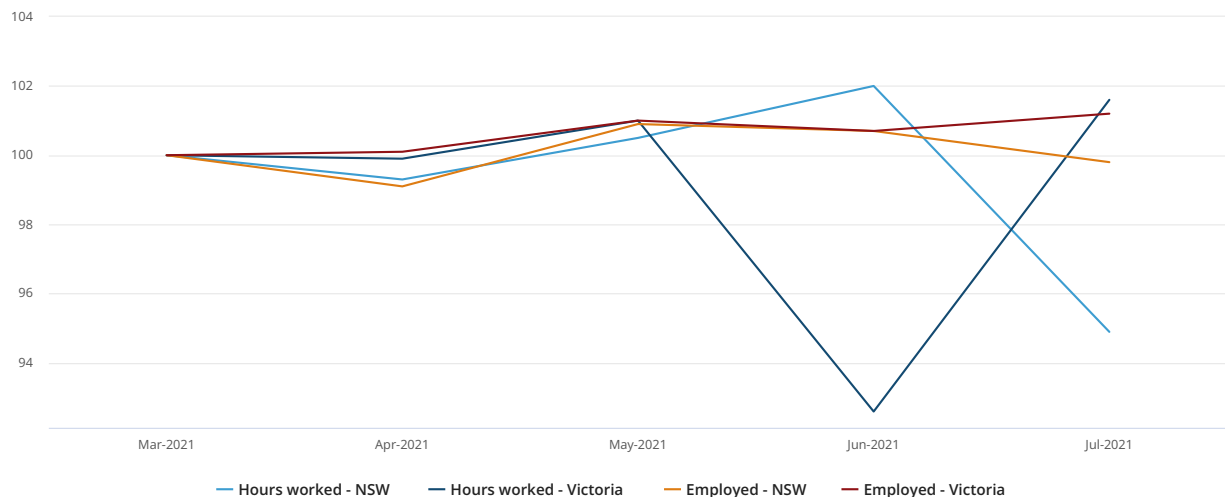
Hours worked and underemployment

Nationally, hours worked decreased by 0.2 per cent from June to July, and by 7.0 per cent in New South Wales. In contrast, hours worked increased 9.7 per cent in Victoria in July, following the 8.4 per cent fall in June.

"Hours worked data continues to provide the best indicator of the extent of labour market impacts from lockdowns," Mr Jarvis said.

"In New South Wales hours worked fell by 7.0 per cent in July, compared with a 0.9 per cent fall in employment. This highlights the extent to which people in New South Wales had reduced hours or no work through the early stages of the lockdown, without necessarily losing their jobs."

Employment and Hours, Indexed to March 2021



Source: Labour Force, Australia, Tables 12 and 19

The underemployment rate increased for the second consecutive month, up 0.4 percentage points to 8.3 per cent in July. This mainly reflected the fall in hours worked in New South Wales, with the state's underemployment rate increasing by 2.1 percentage points to 9.3 per cent.

Today's release includes additional analysis of hours worked, including people working zero hours, and an analysis of employment and hours worked at the state and territory level.

Further information, including regional labour market information, will be available in the upcoming July 2021 issue of [Labour Force, Australia, Detailed \(/statistics/labour/employment-and-unemployment/labour-force-australia-detailed/latest-release\)](#), due for release on Thursday 26 August 2021.

The ABS would like to thank Australians for their continued support in responding to our surveys during such a difficult time.

Media notes

- The July survey reference period was 4 July to 17 July. The August survey reference period is 1 August to 14 August 2021.
- In order to be unemployed, people must be actively looking for work, and available to start work during the reference week.
- Information on how COVID-19 support is reflected in Labour Force statistics can be found in the following [note \(/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release#survey-impacts-and-changes\)](#).
- The numbers in the media release are rounded to the nearest thousand people. For more detailed numbers see the data downloads tab in the [Labour Force, Australia \(/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release\)](#) publication.
- The ABS has suspended publishing trend series for the COVID-19 period.
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